

STATEMENT OF CONSIDERATIONS

CLASS WAIVER FOR PROPRIETARY USERS OF ENERGY RESEARCH
DESIGNATED USER FACILITIES (C)-91-005

This class waiver is intended to apply to private organizations, using in a proprietary mode, certain designated user facilities, identified in the attached list (Attachment A hereto), for which Energy Research (ER) is responsible. This list may be enlarged or diminished from time to time as appropriate by the Assistant General Counsel for Intellectual Property upon advice from the Director of ER. This class waiver is not intended to set a precedent regarding proprietary use of Departmental facilities which are under the cognizance of other DOE Secretarial Officers. These designated user facilities, such as the National Synchrotron Light Source (NSLS) at Brookhaven National Laboratory and the proposed Advanced Photon Source (APS) under construction at Argonne National Laboratory, are designated for research use by other government entities, universities and industry. A previous class waiver entitled "User Facilities Class Waiver" was granted in 1983 for the general research use of such facilities. Another class waiver entitled "Class Waiver of Government Rights in Inventions Arising From the Use of DOE Facilities and Facility Contractors by or for Third Party Sponsors" (Work for Others waiver) was granted in 1982 for users of facilities, whether or not designated, and/or facility contractor personnel, where the user provides full cost recovery for a research program not of interest to DOE.

These waivers, however, did not specifically deal with "proprietary users" (i.e., users who fully fund their own experiments and provide full cost recovery including depreciation and added factor) of particular designated user facilities for which ER is responsible. Under a typical proprietary user agreement the user is given access to a beam from a unique radiation source which has been designated by ER as a user facility. The research being performed is that of the user, not the Department. Full cost recovery demonstrates the commitment of the user to the technology which is the subject of the research. As set forth in the prior waivers, these proprietary user agreements do not take the form of a research contract, cooperative agreement, or grant as these terms are used in the Federal Grant and Cooperative Agreement Act of 1977. These proprietary user agreements are not funding agreements because no government funds are provided to the sponsor who in fact provides the government full cost recovery.

These proprietary user agreements still fall within the gambit of Section 9 of DOE's Federal Nonnuclear Energy Research and Development Act of 1974, as they constitute a contract, grant, agreement, understanding, or other arrangement, which includes research. There is a similar provision of Section 152 of the Atomic Energy Act. Both of these statutes are title taking

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Therefore, absent a waiver the government would take these circumstances even though the contractor is providing full cost recovery.

Proprietary users are different from work for others sponsors because the work for others sponsor is taking advantage of the expertise of the personnel of the facility as well as equipment at the facility. The knowledge and skills of the personnel is intimately connected to the ongoing government research program at the laboratory. As such, a private sponsor's work under a work for others agreement may impact ongoing DOE programs. The proprietary users, who are the subject of this waiver, are not using the personnel, expertise and scientific base of the laboratory. As such, they do not draw upon an existing research base developed by the government, but rather, use a machine that is a designated user facility intended for outside purposes. The machine is used to provide radiation beams for government research but can also be used, as was intended, to support privately funded research. The Government benefits from private uses by reduction in cost since the full cost recovery payments reduce the Government's share of the yearly operating cost of the facility. This is in addition to the full cost recovery provided for use of the facility for a particular experiment.

The purpose of this class waiver, as with the previous class waivers, is to utilize the flexibility of the Atomic Energy and Nonnuclear Acts, the statutory intent of subsequent laws and the guidance of the Presidential Memorandum on Government Patent Policy of 1983 in order to provide a balanced and equitable patent policy that will continue to encourage the utilization of DOE user facilities by proprietary users.

The foregoing considerations relating to proprietary user agreements justify the use of special intellectual property terms and conditions in such agreements. There are no statutory or regulatory requirements that user agreements include a government license, march-in rights or U.S. preference provisions for subject inventions. Public Law 96-517 repealed the government license and march-in rights specified in Paragraph (h) of section 9 of P.L. 93-577. Public Law 98-620, directing the use of government license, march-in-rights, and U.S. preference provisions, is limited to funding agreements. The Presidential Memorandum on Government Patent Policy of February 18, 1983, which made the policies of P.L. 96-517 applicable to all other organizations to the extent permitted by the law, also applies to funding agreements. Proprietary user agreements between the facility operator and user are not funding agreements.

Unless the Department or another agency of the U.S. Government has provided direct funding to the user or the user is participating in a project with others who are under direct government funding, the research being performed by the user is that of the user, and not the government. If the government has provided direct funding to the user, the terms of the agreement

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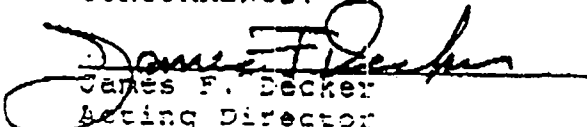
under which the government provided the funding provides the private government rights. If the user is not supported by the government, but is participating in a government sponsored research project, the provisions of the earlier mentioned class waiver are appropriate protection of the government interests. The proprietary user, on the other hand, as a user solely funding its own experiments and providing full cost recovery, is not using any of the expertise provided in the laboratory, as in a work for others situation. Since the proprietary user is simply using a unique piece of machinery, the ongoing research of the Department at the user facility is not affected by the private research effort.

It follows therefore, that the government should obtain minimum rights in inventions made under a proprietary user agreement between the user facility and a proprietary user. Accordingly, the U.S. Government license and march-in rights provisions are not to be included in proprietary user agreements subject to this class waiver. In view of DOE's interest in increasing U.S. competitiveness, the U.S. preference provision of 35 U.S.C. 204 is to still be included in such agreements. Since the proprietary user agreements are still subject to Section 9 of DOE's Nonnuclear Act of 1974, a patent clause requiring the reporting of subject inventions and a facility license is still appropriate and shall be included.

This reasoning may be extended to the technical data rights clause used in proprietary user agreements. DOE need only obtain a non-proprietary report describing the research and results obtained by the proprietary user and any data (whether or not such discloses proprietary data) related to health and safety of personnel at the facility or which is necessary to operate the facility. If the Government is directly funding the user, the direct funding instrument will specify appropriate government rights in data generated.

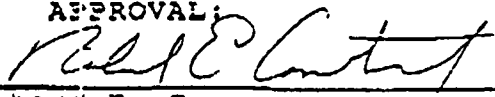
In summary, this waiver applies to any proprietary user, i.e., a user - providing full cost recovery for a project certified by DOE not to be of sufficient interest to DOE to justify DOE funding. In recognition of the interest in promoting U.S. Competitiveness, this waiver does not apply to any foreign entity. Rather, the Assistant General Counsel for Intellectual Property in consultation with ER shall determine the applicability of this waiver for such foreign entities on a case by case basis. Application of this waiver to a particular proprietary user shall be by approval of cognizant DOE Patent counsel for the particular user facility.

CONCURRENCE:


James F. Decker
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6/12/91
Date

APPROVAL:


Richard E. Constant
Office of the Assistant General
Counsel for Intellectual Property

6/12/91
Date

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U.S. DEPARTMENT OF ENERGY
OFFICE OF ENERGY RESEARCH

ER DESIGNATED SCIENTIFIC USER FACILITIES BY LABORATORY

<u>Laboratory/Facility</u>	<u>ER Program</u>
<u>Argonne National Laboratory (ANL)</u>	
Advanced Photon Source (APS) (Under Construction)	BES
Argonne Tandem Linac Accelerator System (ATLAS)	NP
High Voltage Electron Microscope Tandem Facility	BES
Intense Pulsed Neutron Source (IPNS)	BES
<u>Brookhaven National Laboratory (BNL)</u>	
Relativistic Heavy Ion Collider (RHIC) (Under Construction)	NP
Alternating Gradient Synchrotron (AGS)	HEP/NT
High Flux Beam Reactor (HFBR)	BES
National Synchrotron Light Source (NSLS)	BES
Scanning Transmission Electron Microscope Facility	BES
Medical Research Reactor	HER
<u>Idaho National Engineering Laboratory (INEL)</u>	
National Environmental Research Park	HER
<u>Lawrence Berkeley Laboratory (LBL)</u>	
Bevalac/Super HILAC	NP
88 inch Cyclotron	NP
National Center for Electron Microscopy	BES
Advanced Light Source (ALS) (Under Construction)	BES
<u>Lawrence Livermore National Laboratory (LLNL)</u>	
National Energy Research Supercomputer Center	SC/FE
<u>Los Alamos National Laboratory (LANL)</u>	
Clinton P. Anderson Meson Physics Facility	NP
Manuel Lujan, Jr. Neutron Scattering Center	BES
National Environmental Research Park	HER

Oak Ridge National Laboratory (ORNL)

Holifield Heavy Ion Research Facility	NP
National Environmental Research Park	HER
Surface Modification and Characterization Laboratory	BES
Shared Research Equipment (SHARE) Microanalysis Facility	BES
National Center for Small-Angle Scattering Research	BES
FN Tandem Van De Graaff	BES
Oak Ridge Electron Linear Accelerator (ORELA)	NP
Neutron Scattering Facility	BES
High Flux Isotope Reactor (HIFR)	BES

Pacific Northwest Laboratory (PNL)

National Environmental Research Park	HER
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Sandia National Laboratories (SNL)

Combustion Research Facility	BES
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Fermi National Laboratory (FNL)

1,000 GeV Superconducting Accelerator System	HEP
Meson Experimental Area	HEP
Proton Experimental Area	HEP
Neutrino Experimental Area	HEP
Colliding Beam Areas	HEP
Antiproton Source	HEP
National Environmental Research Park	HEP/OHER

Stanford Linear Accelerator Center (SLAC)

Linear Accelerator (LINAC)	HEP
SLAC Linear Collider (SLC)	HEP

Stanford Synchrotron Radiation Laboratory (SSRL)

BES

Savannah River Ecology Laboratory (SREL)

National Environmental Research Park	HER
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Nevada Test Site (NTS)

National Environmental Research Park	HER
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Continuous Electron Beam Accelerator Facility (CEBAF)
(Under Construction)

NP

Superconducting Super Collider Laboratory (SSCL)
(Under Construction)

HEP